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Confidential. No. C. 2534/211

From

A.M.L. Cater, Esq., I.C.S.,

Secretary to the Resident in Mysore.

To

The Financial Secretary to the

Government of Mysore.

Dated, Bangalore, 7th May 1923.

Subject:-

Surplus Revenues of the Assigned Tract.

Sir,

I am directed to refer to the correspondence resting with Mr. Williamson's letter No. C/2289/211 dated the 20th December 1922 on the subject of the Surplus Revenues of the Assigned Tract and to convey the orders of the Government of India on your letter No. 455 dated the 15th October 1920.

2. In this letter the Mysore Government make three representations which may briefly be summed up as follows:-

(a) The withholding of the accrued surpluses for the years 1918-19 and 1919-20 is opposed to the declared policy of the Government of India,

(b) The schemes of improvement contemplated in the Station are not ready and in view of the proximity of the Station and the City, improvement schemes should be jointly considered by the authorities of both,

(c) If any large expenditure is eventually decided upon for independent improvements in the Tract on the ground of its being an important Military Station such expenditure should rightly be borne by Imperial Revenues.

3.- As regards (a), large sums aggregating approximately 24 lakhs have been paid over to the Mysore Government since your letter was written. The reasons for withholding the balance of 20¾ lakhs have been fully explained to His Highness's Government and I am to refer in particular to Major Lloyden's confidential demi-official letter No. C/1777/211, dated the 2nd April 1922, and its enclosures, to the address of the Dewan. The Resident does not consider it necessary to reiterate the arguments contained in the enclosure to this letter as this would merely be traversing the same ground over again As already stated, the views expressed are those of the Government of India and I am to request that this letter and enclosure may be treated as forming part of the official correspondence on the subject of the surplus revenues

4. Turning to (b), I am to say that the Government of India have approved of all the schemes noted in the mar-

1.	Knoxpet scheme for housing the poor.	4,50,000	gin proposed by
2.	Pumping plant in connection with the Grass Farm Sewage Scheme ...	1,15,000	the Resident
3.	Hospital equipment ...	29,000	
4.	Market	4,22,000	
5.	Bazaar sewerage scheme (Blackpalli are only) ...	74,000	with the exception
6.	Improvements to the main sewer	43,000	
7.	Opening out slum areas in Ookadpolyam and building of new houses	7,25,162	tion of items
8.	Improvement to roads ...	1,14,500	
9.	Schools	81,580	5 & 6 for which
10.	Additions to St Joseph's College	65,000	
11.	Good Shepherd Convent sewage scheme	20,000	they have asked
	Total Rs	21,40,217	

for detailed plans and estimates for the improvement of the Civil and Military Station, Bangalore, on which the withheld amount of 20¾ lakhs will be expended and they will be put in hand without further delay. Further reference

will be made at a later stage in this letter to the question of joint consideration of future improvement schemes by the authorities of both the Station and the City.

5. As regards (c), the Government of India have decided that, in accordance with the principles already laid down and approved by the Secretary of State, while it is the intention of Government not to enrich the revenues of British India from the Assigned Tract and in virtue of that intention Government will pay the annual surplus ~~surplus~~ to the Mysore Government, such surplus will only be paid after the administrative needs of the Station have been met, including special grants for development purposes.

6. For the carrying out of this policy the Government of India have decided that the following procedure shall be adopted in the future. Provision will be made for building up a reserve fund of three lakhs for the purpose of meeting possible deficits and, subject to the maintenance of this minimum reserve, the surplus will be handed over annually to the Mysore Government as soon as it is ascertained. The above procedure will obtain where there are no current or future schemes of development to be provided for.

7. Where there are such schemes to be provided for, the Government of India will decide, after considering the recommendations of the Resident and the Municipal Commission, how much out of the surplus existing at the end of the year should be put aside to finance them and the balance will be handed over. As a precaution against merely speculative retention of surplus moneys, no portion

of the annual surplus will be withheld except for the purpose of financing some scheme which has already received Government's approval. In addition, while it is held that the Mysore Government cannot claim as of right to be consulted in regard to schemes for the internal development of Bangalore regarding which negotiations with them are not essential, important schemes of this description will be referred informally to the Durbar if the Resident considers that their interests are affected otherwise than by merely reducing the surplus. All schemes which are not within the Resident's power of sanction or which involve an expenditure of over Rs. 30,000 will be treated as "important" for this purpose. In this manner provision is made to meet the wishes of the Mysore Government to be consulted in schemes of importance.

8. In conclusion, I am to refer to the previous offer made by the Government of India to His Highness' Government to make an annual payment of 4 lakhs together with a lumpsum payment of 12 lakhs. The Durbar did not see their way to accept this offer and it is understood that they now feel some disappointment at the decision of the Government of India to treat it as having lapsed. The Government of India fully recognise the advantages of fixed payments in reducing the possibility of delay and friction, but it will hardly be contended that the proposals set forth in this letter in regard to the recurring settlements are not a strict fulfilment of the spirit of their undertaking. The Durbar cannot, and the Government of India feel sure, will not desire to, claim more than the surplus whatever it maybe, but further consideration since the offer of a recurring payment of 4 lakhs was made, has convinced the Government of India that

it would not be safe to count on an annual surplus of this magnitude. Indeed it is possible that the acceptance by His Highness's Government of the offer which was made would have involved a heavy recurring charge on the revenues of British India which the Government of India would have found it difficulty to justify to those on whom the burden would have fallen. On the other hand, should the apprehensions of the Government of India not be realised and should there be a recurring surplus in excess of 4 lakhs, the Mysore Government will benefit to the extent of the excess.

9. In conveying these orders of the Government of India I am to express the hope that His Highness's Government will recognise and appreciate that a solid endeavour has been made to lay down a clear and definite policy on a basis equitable to both parties. It has at least the merit of establishing a workable system which will once and for all do away with the delay and uncertainty which have been such an unfortunate elementin the treatment of the problem in the past. Mr. Parton earnestly trusts that His Highness's Government will see their way to accept without further demur the solution which is now offered to them. It would be the greatest satisfaction to him to know that this difficult problem, which has for so long been a source of vexation no less to the Residency than to the Durbar, has received its final quietus.

I have the honour to be,

Sir

Your most obedient servant,

Sd/ A.N.L. Cater,

Secretary to the Resident.

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